

For the Six Months Ended June 30.

	1977	1976
	(000's)	(000's)
Source of Funds:		
Net Earnings for the Period	\$ 1,050	\$ 1,709
Add (Deduct) Items Not Affecting Funds from Operations:		
Depreciation and Depletion	1,051	843
Deferred Income Taxes	175	58
Gain on Disposal of Fixed Assets	(134)	(40)
Other	13	34
Funds from Operations	2,155	2,604
Long Term Debt	6,912	—
Proceeds on Disposal of Fixed Assets	323	63
Shares Issued	128	126
	9,518	2,793
Application of Funds		
Fixed Assets	3,237	867
Purchase of Preference Shares	30	37
Dividends	324	302
Long Term Debt	98	—
Acquisition of Portion of Minority Interest in Subsidiary Company	128	126
Acquisition of Subsidiary Company (Less working capital at date of acquisition)	—	336
	3,817	1,668
Increase in Working Capital	5,701	1,125
Working Capital at Beginning of Period	18,116	16,126
Working Capital at End of Period	\$23,817	\$17,251

REVELSTOKE COMPANIES LTD.
CONSOLIDATED CONDENSED BALANCE SHEET
(Unaudited)

June 30

	1977	1976
	(000's)	(000's)
ASSETS		
Current	\$64,409	\$59,940
Property and Equipment (Net of accumulated depreciation and depletion)	20,253	17,455
Goodwill, less amortization	474	480
	\$85,136	\$77,875
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current	\$40,592	\$42,689
Long Term Debt	15,219	9,258
Deferred Income Taxes	2,120	1,867
Minority Interest	361	431
Shareholders' Equity	58,292	54,245
	26,844	23,630
	\$85,136	\$77,875

INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS
ENDED JUNE 30, 1977



REVELSTOKE
COMPANIES LTD.

TO THE SHAREHOLDERS:

In the first six months of 1977, Revelstoke's sales increased 9.0% to \$66,786,000 compared with \$61,277,000 for the same period in 1976. Net earnings for the first half of 1977 amounted to \$1,050,000 or \$.25 per common share in comparison with \$1,709,000 or \$.42 per share for the similar period in 1976. On an annualized basis, earnings per share for the 12 months ended June 30, 1977 amounted to \$.91 compared with \$.93 per share for the same 12 month period ending June 30, 1976.

After a rapid rate of growth in 1976, Revelstoke's Retail and Concrete Divisions experienced only modest growth in the first six months of 1977. Both the sales and profit performance of the Company's stores and concrete plants varied considerably from region to region and from market to market. While certain areas, particularly in Alberta, continued to enjoy a strong level of business activity, the overall results of the Retail and Concrete Divisions were adversely affected by poor crop conditions in parts of the prairie provinces and by a depressed housing market in most of British Columbia.

The Lumber Division attained a substantial growth in sales in the first half of 1977 resulting from a large increase in shipments in comparison with last year. If lumber prices remain strong throughout the remainder of the year, Revelstoke's Lumber Division should generate a profit in 1977. Apart from the relatively unpredictable nature of lumber prices, the major uncertainty facing the Lumber Division at this time is whether the current industry-wide union negotiations in British Columbia can be settled without a strike at the Company's Radium mill.

On June 15, Revelstoke completed a \$7,000,000 private placement financing of 20 year, 10¹/₂% unsecured debentures. These funds have been applied to reduce the Company's current bank borrowings.

On August 18 the Directors of the Company declared a semi-annual dividend of \$.06¹/₂ per common share payable on October 1, 1977 to all shareholders of record on September 20, 1977. This will bring the total dividends paid in the current year to \$.13 per share which is the maximum amount allowable under the government's Anti-Inflation Regulations. The current level of dividends is below what would normally be paid out to the common shareholders in relation to the Company's earnings given the termination of these Regulations.

Management's outlook for the remainder of 1977 is best described as being cautiously optimistic. Despite the decline in the rate of growth of disposable income in Canada and the cautious mood of the consumer, Revelstoke's Retail Division principally operates throughout those markets in Canada which are likely to experience above average prosperity and economic growth in the future. Many of the same fundamental factors also apply to the Company's Concrete Division. Taking everything into account, Revelstoke's combined results in 1977 should compare favourably with the prior year.

August 18, 1977

Steele Curry
STEELE CURRY
President

REVELSTOKE COMPANIES LTD. CONSOLIDATED STATEMENT OF EARNINGS (Subject to Audit)

	(000's omitted)			
	Six Months Ended June 30th.	1976	1977	Twelve Months Ended June 30th.
Sales — Retail Division	1977	1976	1977	1976
— Concrete Division	\$50,053	\$47,613	\$116,151	\$ 89,440
— Lumber Division	10,990	10,612	29,830	23,326
— Lumber Division	5,743	3,052	8,430	4,741
Total	66,786	61,277	154,411	117,507
Costs and Expenses				
Cost of Sales, Selling, General and Administration	62,285	55,725	142,365	107,067
Depreciation and Depletion	1,051	843	2,100	1,546
Interest				
(Long Term: 1977 \$ 526; \$ 1,060 1976 \$ 529; \$ 713)	1,704	1,475	3,591	2,551
	65,040	58,043	148,056	111,164
	1,746	3,234	6,355	6,343
	134	40	324	579
Gain on Disposal of Fixed Assets	1,880	3,274	6,679	6,922
	843	1,535	3,009	3,143
Income Taxes	1,037	1,739	3,670	3,779
Earnings before Minority Interest	(13)	30	11	65
Minority Interest (Loss)				
Net Earnings for the Period	\$ 1,050	\$ 1,709	\$ 3,659	\$ 3,714
Earnings Per Share				
Basic	\$0.25	\$0.42	\$0.91	\$0.93
Diluted	\$0.25	\$0.42	\$0.91	\$0.91